

Message Text

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PAGE 01 STATE 074609

43

ORIGIN EB-11

INFO OCT-01 EUR-25 ADP-00 GSA-01 OEP-01 COME-00 TRSE-00

OPIC-12 AID-20 CIEP-02 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 INT-08 /147 R

DRAFTED BY EB/ ISM: WPOLIK/ JCCURRAN: RDM

4/20/73 EXT. 21705

APPROVED BY EB/ ICD: JBKYLE

EUR/ CAN: DRTHOMSON

----- 125863

P 201541 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA PRIORITY

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E. O. 11652: N/ A

TAGS: EIND, EMIN, CA, ETRD, US

SUBJECT: STOCKPILE DISPOSAL CONSULTATIONS

REF: (A) STATE 70365

(B) STATE 70364

1. CONSULTATIONS INDICATED REFTEL (A) WERE HELD IN DEPARTMENT APRIL 16 WITH CANADIAN COMMERCIAL COUNSELOR ARMSTRONG. DEPARTMENT SPOKESMAN WAS EB/ ICD DIRECTOR KYLE.

2. ARMSTRONG WAS GIVEN COPIES OF PRESIDENT'S STOCKPILE MESSAGE TO CONGRESS, WHITE HOUSE FACT SHEET, DRAFT LEGISLATION AND NEW OEP LIST OF STOCKPILE OBJECTIVES. DEPARTMENT SPOKESMAN THEN EXPLAINED PROPOSALS TO ACCELERATE EXISTING DISPOSAL PLANS, AS DESCRIBED REFTEL (A), FOR ALUMINUM OXIDE, COBALT, COLUMBIUM, LEAD, MAGNESIUM, MERCURY, SELENIUM, TANTALUM, TUNGSTEN AND ZINC. DEPARTMENT DATA SHEET WAS ALSO PROVIDED, SHOWING ALL STOCKPILE DATA ON INDIVIDUAL COMMODITY.

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PAGE 02 STATE 074609

TIES CONTAINED REFTEL AND PRECEEDING STOCKPILE DEPTELS.

3. EXPLAINING THAT THIS CONSULTATION WAS CHIEFLY INTENDED CONVEY INFORMATION FOR TRANSMITTAL TO GOC, DEPARTMENT URGED THAT CANADIAN EMBASSY MAKE EVERY EFFORT RESPOND TO USG PROPOSALS WITHIN TEN WORKING DAYS OF THIS MEETING.

4. ARMSTRONG HAD NO RPT NO COMMENTS RE USG PROPOSALS, BUT

SAID HE WOULD TRANSMIT THEM TO OTTAWA WITH URGENT REQUEST FOR GOC COMMENTS. ONLY PROBLEMS AMSTRONG FORESAW WERE MERCURY AND TUNGSTEN. HE ALSO REQUESTED TO BE KEPT INFORMED OF ANY PLANS REGARDING LONG- TERM ALUMINUM " BUY- BACK" CONTRACTS, IN WHICH ALCAN PARTICIPANTS WITH LEADING AMERICAN ALUMINUM- PRODUCING COMPANIES, SO THAT GOC VIEWS WILL BE TAKEN INTO ACCOUNT.

5. KYLE EXPLAINED TO ARMSTRONG, AND LATER TELECONS BETWEEN ARMSTRONG AND EB/ ISM OFFICERS FURTHER CLARIFIED, ALUMINUM SITUATION. WHITE HOUSE FACT SHEET SENT TO POST SHOWS NEED FOR NEW CONGRESSIONAL AUTHORIZATION TO DISPOSE OF 450,000 TONS ALUMINUM IN ACCORDANCE WITH NEW OBJECTIVE LEVEL OF ZERO FOR ALUMINUM. IN FACT, HOWEVER, GSA MAINTAINS THAT ENTIRE RPT ENTIRE ALUMINUM INVENTORY (NOW 1,158,221 TONS) IS COVERED BY " BUY- BACK" CONTRACTS DATING BACK TO 1965 AND IN WHICH ALCAN IS PARTICIPANT. OBJECTIVE FOR ALUMINUM, HOWEVER, WAS 450,000 TONS UNTIL JANUARY 1973, SO DISPOSAL THIS AMOUNT WAS NOT ENVISAGED BY PARTICIPANTS.

6. FURTHERMORE, SECTION 2 OF PUBLIC LAW 89-460, STILL ON BOOKS, EXPRESSLY PROHIBITS DISPOSAL OF ALUMINUM FROM NATIONAL STOCKPILE AND INVENTORY MAINTAINED UNDER DEFENSE PRODUCTION ACT (DPA) OF 1950, IF SUCH DISPOSAL WOULD RESULT IN REDUCING ALUMINUM STOCKPILE BELOW OBJECTIVE OF 450,000 SHORT TONS. LEGISLATION SUBMITTED TO CONGRESS APRIL 16 (REFTEL (B) GIVES RESUME) ALSO CALLS FOR REPEAL OF THIS PROVISION PL89-460.

7. EMBASSY WILL NOTE APPARENT DISCREPANCY IN FACT THAT DRAFT BILL WOULD GIVE LEGISLATIVE AUTHORIZATION FOR DISPOSAL OF ONLY 207,440 SHORT TONS ALUMINUM, VICE 450,000. DIFFERENCE OF 242,560 TONS IS AMOUNT HELD IN DPA INVENTORY LIMITED OFFICIAL USE

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PAGE 03 STATE 074609

MENTIONED PARA 6 ABOVE. MATERIAL IN THIS INVENTORY CAN

NORMALLY BE SOLD BY GSA WITHOUT EXPLICIT LEGISLATIVE APPROVAL. WHEN AND IF SECTION 2 PL 89-460 IS REPEALED, THIS DPA ALUMINUM CAN BE SOLD WITHOUT FURTHER EXPLICIT CONGRESSIONAL AUTHORIZATION.

8. IN SUBSEQUENT CONVERSATION, ARMSTRONG REQUESTED BRIEFING ON CADMIUM, ALTHOUGH THIS NOT ONE OF COMMODITIES LISTED REFTEL (A). AS EMBASSY MAY RECEIVE SIMILAR QUERIES, FOLLOWING IS CADMIUM SITUATION BRIEFLY:

- A. TOTAL INVENTORY 3/31/73: 8,582,358 LBS
- B. CURRENT EXCESS (PRIOR TO 4/16/73): 2,582,358 LBS
- C. ALREADY AUTHORIZED FOR DISPOSAL: SAME AS B
- D. FORMER STOCKPILE OBJECTIVE (PRIOR TO 4/16/73):
6,000,000 LBS
- E. NEW OBJECTIVE: 4,446,500 LBS
- F. NEW OBJECTIVE, NOT YET AUTHORIZED FOR DISPOSAL:
1,553,500 LBS
- G. FY 73 DISPOSAL PROGRAM (IN EFFECT FIRST THREE
QUARTERS): 600,000 LBS PER QTR/2,400,000 LBS PER
YEAR
- H. REVISED FY 1973 DISPOSAL PROGRAM (CLEARED BY
DEPARTMENT IN MARCH 1973): 850,000 LBS PER QTR/
3,400,000 LBS PER YEAR
- I. PROPOSED FY 1974 DISPOSAL PROGRAM: 850,000 LBS
PER QTR/3,400,000 PER YEAR.

AS REVISED PROGRAM ONLY IN EFFECT THIS QUARTER FY 73, PROGRAM CANNOT EXCEED 2,650,000 LBS BEFORE JUNE 30. TOTAL SALES FIRST THREE QUARTERS: 695,000 POUNDS. PROGRAM WAS RAISED IN MARCH WITHOUT CONSULTATIONS IN VIEW OF PRICE INCREASES IN CADMIUM, STRONG DOMESTIC DEMAND, AND SUPPORT FOR INCREASE BY DOMESTIC LEAD AND ZINC PRODUCERS (CADMIUM IS ALMOST ALWAYS LEAD OR ZINC BY- PRODUCT). ARMSTRONG DID NOT RPT NOT ANTICIPATE OBJECTIONS FROM CANADIAN LEAD AND ZINC PRODUCERS. PORTER

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